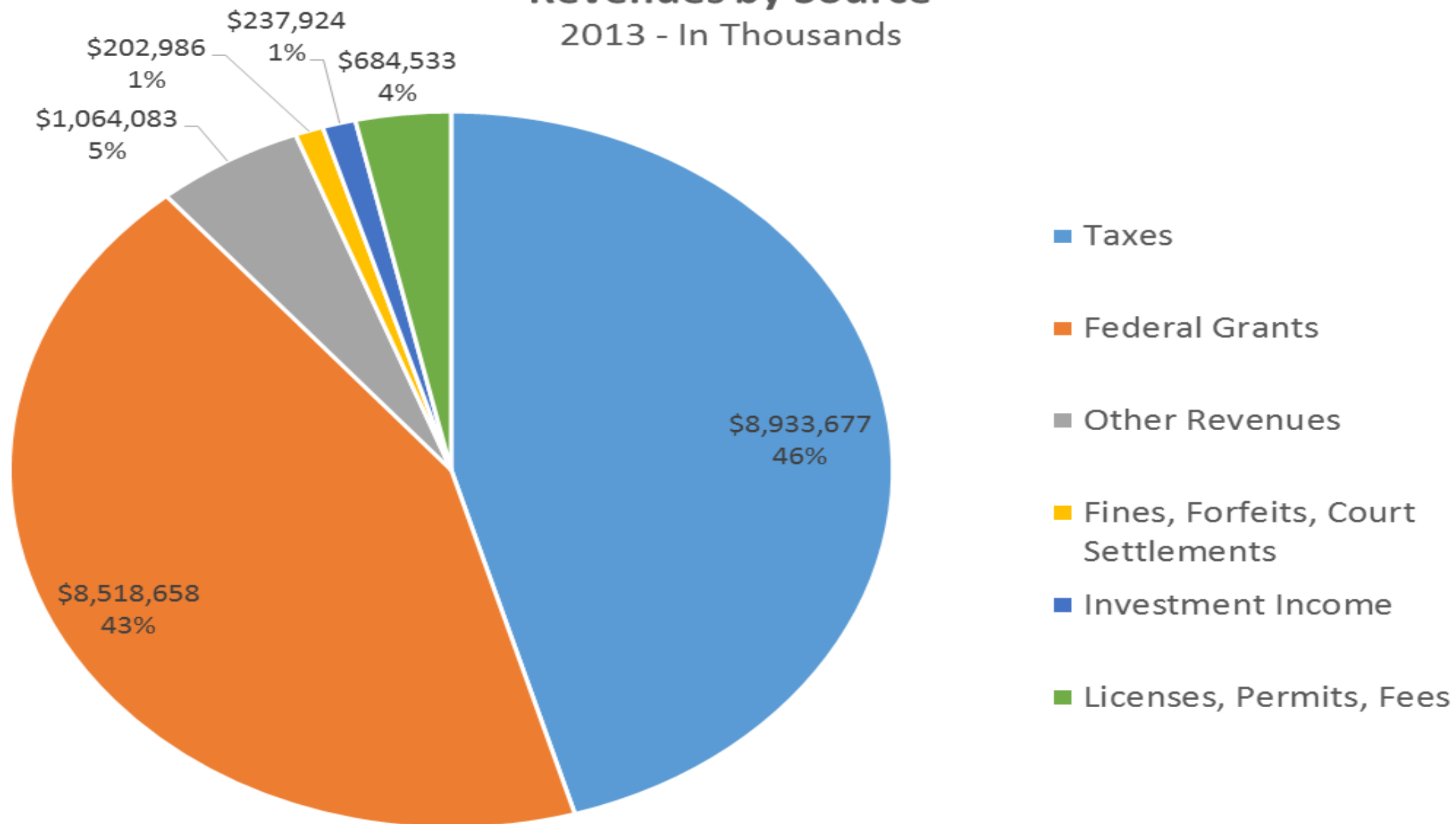


Governor Bentley's Proposal

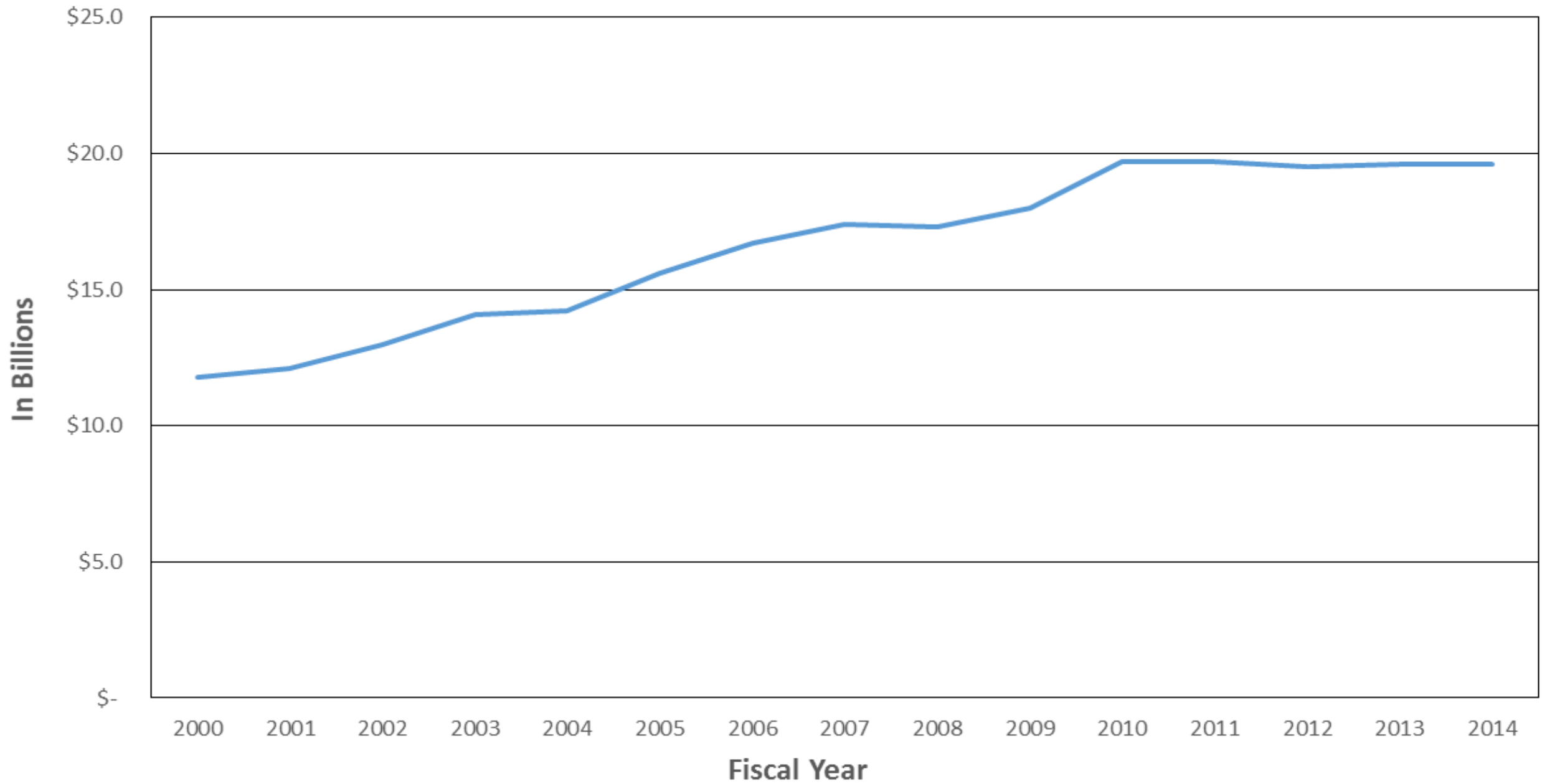
March 31, 2015

Revenues by Source

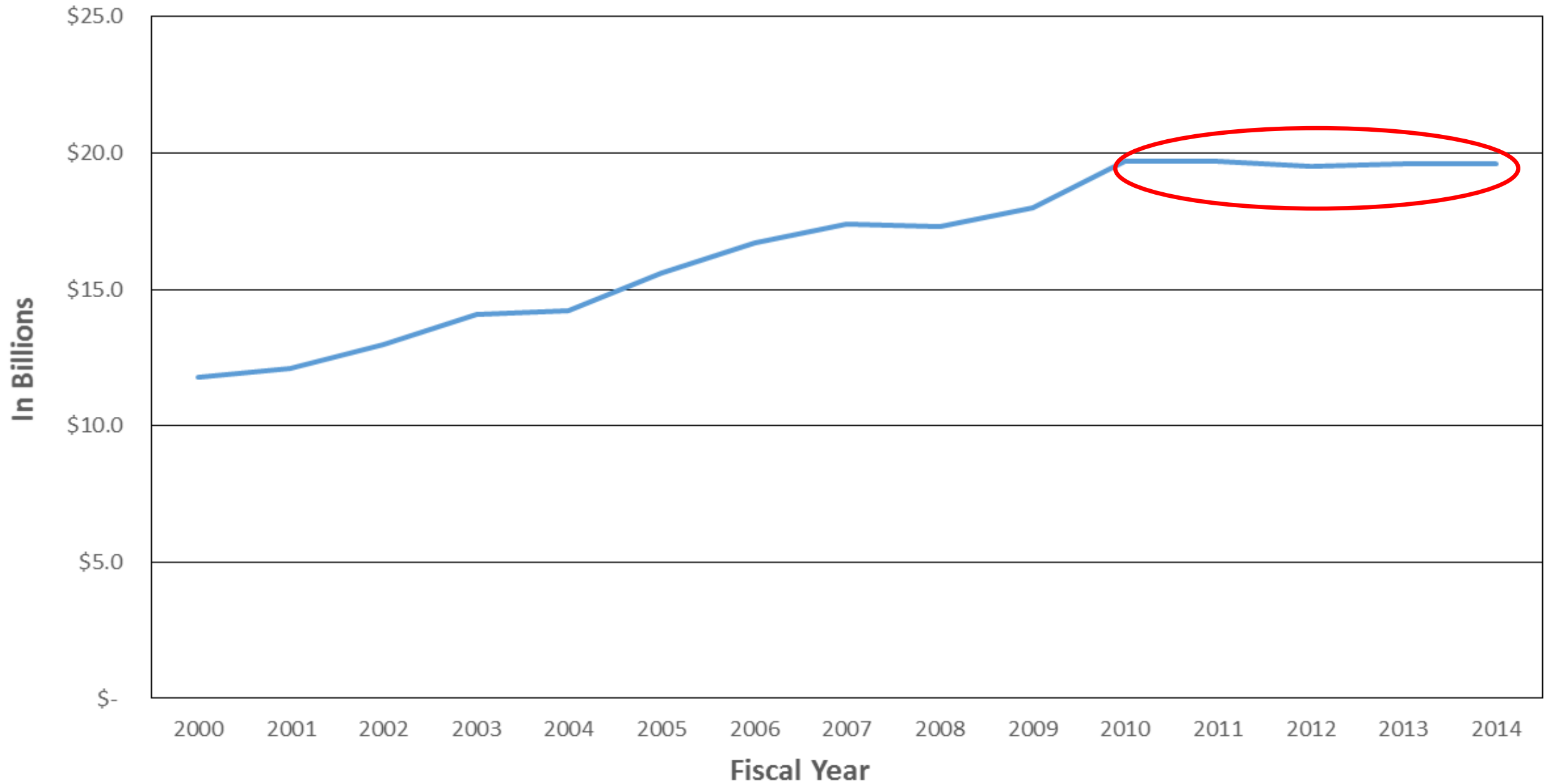
2013 - In Thousands



Total Revenue Received by the State



Total Revenue Received by the State



Per Capita State Taxes

- ▶ In 2013, Alabama ranked 43rd in state tax revenue per capita.

Per Capita State Taxes

- ▶ In 2013, Alabama ranked 43rd in state tax revenue per capita.
- ▶ If revenue had increased by \$541 million in 2013, Alabama would rank 41st.

Source: U.S. Census Bureau

Per Capita State and Local Taxes

- ▶ In 2012, Alabama ranked 50th in state and local tax revenue per capita.

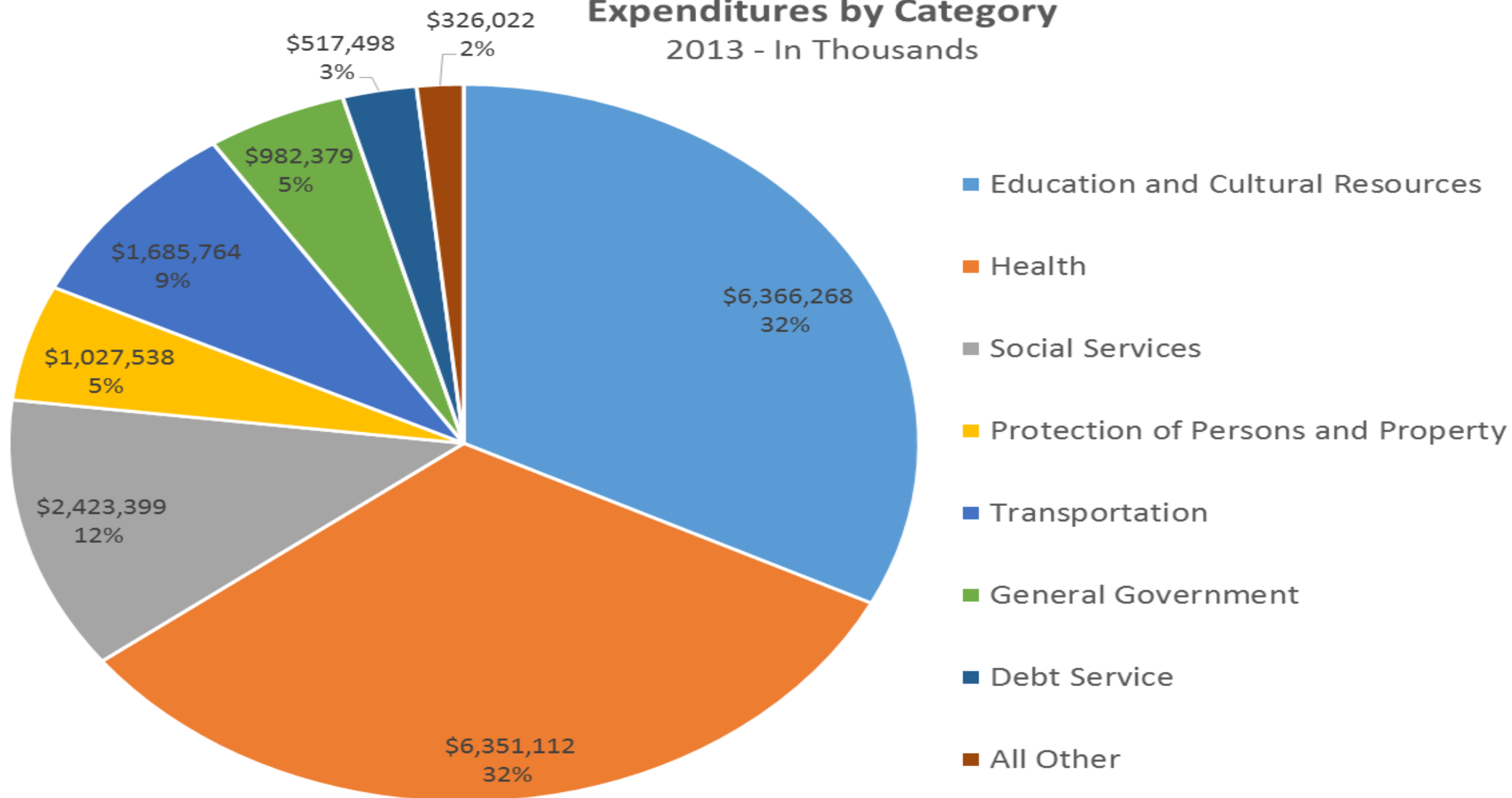
Per Capita State and Local Taxes

- ▶ In 2012, Alabama ranked 50th in state and local tax revenue per capita.
- ▶ If revenue had increased by \$541 million in 2012, Alabama would rank 48th.

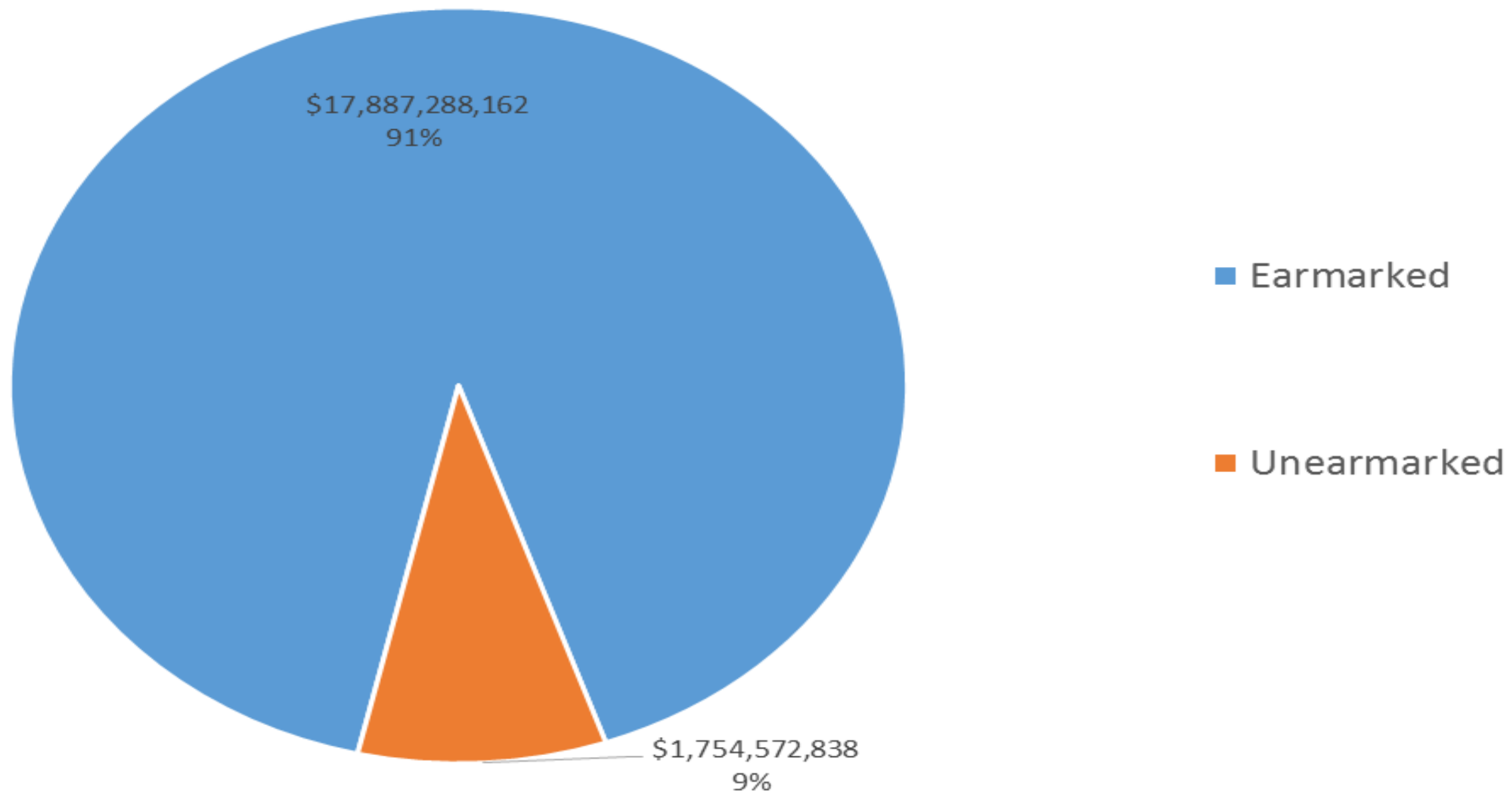
Source: U.S. Census Bureau

Expenditures by Category

2013 - In Thousands



Earmarking 2014 Revenues



Feedback to State Government

The background of the slide features abstract, overlapping geometric shapes in various shades of blue, ranging from light sky blue to deep navy blue. These shapes are primarily located on the right side and bottom of the slide, creating a modern, dynamic feel. The main text is positioned on the left side of the slide.

Feedback to State Government

- ▶ Live within your means

Feedback to State Government

- ▶ Live within your means
- ▶ Cut costs

Feedback to State Government

- ▶ Live within your means
- ▶ Cut costs
- ▶ Tighten your belt

Feedback to State Government

- ▶ Live within your means
- ▶ Cut costs
- ▶ Tighten your belt
- ▶ Get more efficient

Last Quadrennium

The background of the slide features abstract, overlapping geometric shapes in various shades of blue, ranging from light sky blue to deep navy blue. These shapes are primarily located on the right side and bottom of the frame, creating a modern, dynamic aesthetic.

Last Quadrennium

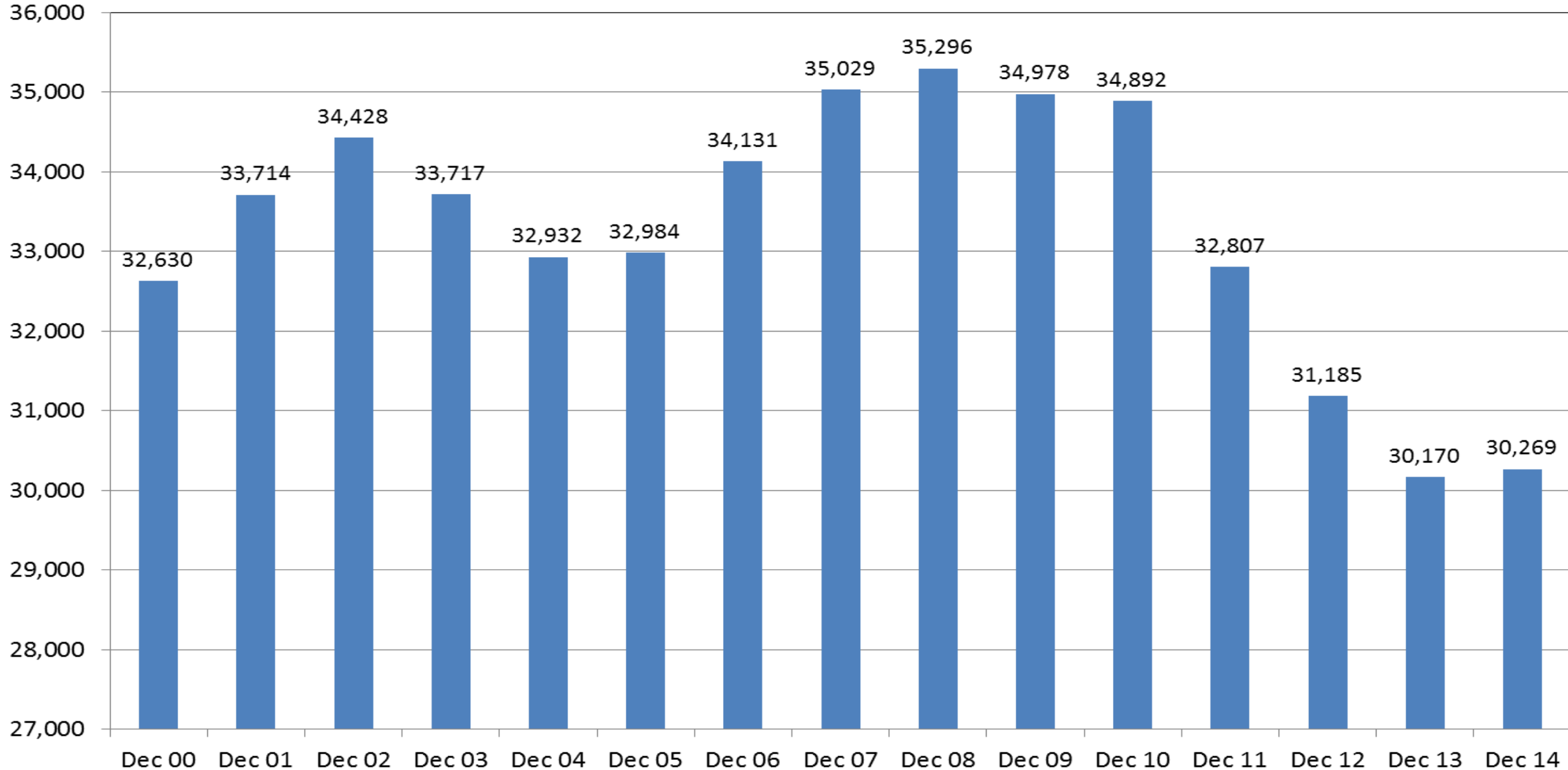
► Road to a Billion

Last Quadrennium

- ▶ Road to a Billion
- ▶ Reached \$1.2 Billion in annual savings

Number of State Employees

(In Executive Branch)



More Savings

More Savings

▶ Pension Reform

More Savings

- ▶ Pension Reform
- ▶ Repealed the DROP Program

More Savings

- ▶ Pension Reform
- ▶ Repealed the DROP Program
- ▶ Health costs for state employees
 - ▶ Employees paying more
 - ▶ Wellness Program
 - ▶ PBM
 - ▶ Sliding scale for retirees

More Savings

- ▶ Pension Reform
- ▶ Repealed the DROP Program
- ▶ Health costs for state employees
 - ▶ Employees paying more
 - ▶ Wellness Program
 - ▶ PBM
 - ▶ Sliding scale for retirees
- ▶ Froze merit raises for 5 years

More Savings

- ▶ Pension Reform
- ▶ Repealed the DROP Program
- ▶ Health costs for state employees
 - ▶ Employees paying more
 - ▶ Wellness Program
 - ▶ PBM
 - ▶ Sliding scale for retirees
- ▶ Froze merit raises for 5 years
- ▶ Refinanced bonds

Streamlining/Reorganizing

The background of the slide features abstract, overlapping geometric shapes in various shades of blue, ranging from light sky blue to deep navy blue. These shapes are primarily located on the right side and bottom of the slide, creating a modern, dynamic feel. The main text is positioned in the upper left area on a plain white background.

Streamlining/Reorganizing

► Law enforcement

Streamlining/Reorganizing

- ▶ Law enforcement
- ▶ Medicaid

Streamlining/Reorganizing

- ▶ Law enforcement
- ▶ Medicaid
- ▶ Mental Health

Streamlining/Reorganizing

- ▶ Law enforcement
- ▶ Medicaid
- ▶ Mental Health
- ▶ National Guard

Streamlining/Reorganizing

- ▶ Law enforcement
- ▶ Medicaid
- ▶ Mental Health
- ▶ National Guard
- ▶ Labor/Industrial Relations

Streamlining/Reorganizing

- ▶ Law enforcement
- ▶ Medicaid
- ▶ Mental Health
- ▶ National Guard
- ▶ Labor/Industrial Relations
- ▶ Office of Indigent Defense

Streamlining/Reorganizing

- ▶ Law enforcement
- ▶ Medicaid
- ▶ Mental Health
- ▶ National Guard
- ▶ Labor/Industrial Relations
- ▶ Office of Indigent Defense
- ▶ Office of Information Technology

Streamlining/Reorganizing

- ▶ Law enforcement
- ▶ Medicaid
- ▶ Mental Health
- ▶ National Guard
- ▶ Labor/Industrial Relations
- ▶ Office of Indigent Defense
- ▶ Office of Information Technology
- ▶ Fleet Management transferred

Second Quadrennium

The background of the slide features a complex geometric pattern of overlapping triangles in various shades of blue, ranging from light sky blue to deep navy blue. These triangles are arranged in a way that creates a sense of depth and movement, particularly on the right side of the frame. The left side of the slide is a solid, very light blue, providing a clean backdrop for the title.

Second Quadrennium

▶ Paperless

- ▶ Payroll
- ▶ Travel Reimbursements
- ▶ Time Keeping
- ▶ Purchasing

Second Quadrennium

- ▶ Paperless
 - ▶ Payroll
 - ▶ Travel Reimbursements
 - ▶ Time Keeping
 - ▶ Purchasing
- ▶ Software

Second Quadrennium

- ▶ Paperless
 - ▶ Payroll
 - ▶ Travel Reimbursements
 - ▶ Time Keeping
 - ▶ Purchasing
- ▶ Software
- ▶ Real Property

Second Quadrennium

- ▶ Paperless
 - ▶ Payroll
 - ▶ Travel Reimbursements
 - ▶ Time Keeping
 - ▶ Purchasing
- ▶ Software
- ▶ Real Property
- ▶ Mail

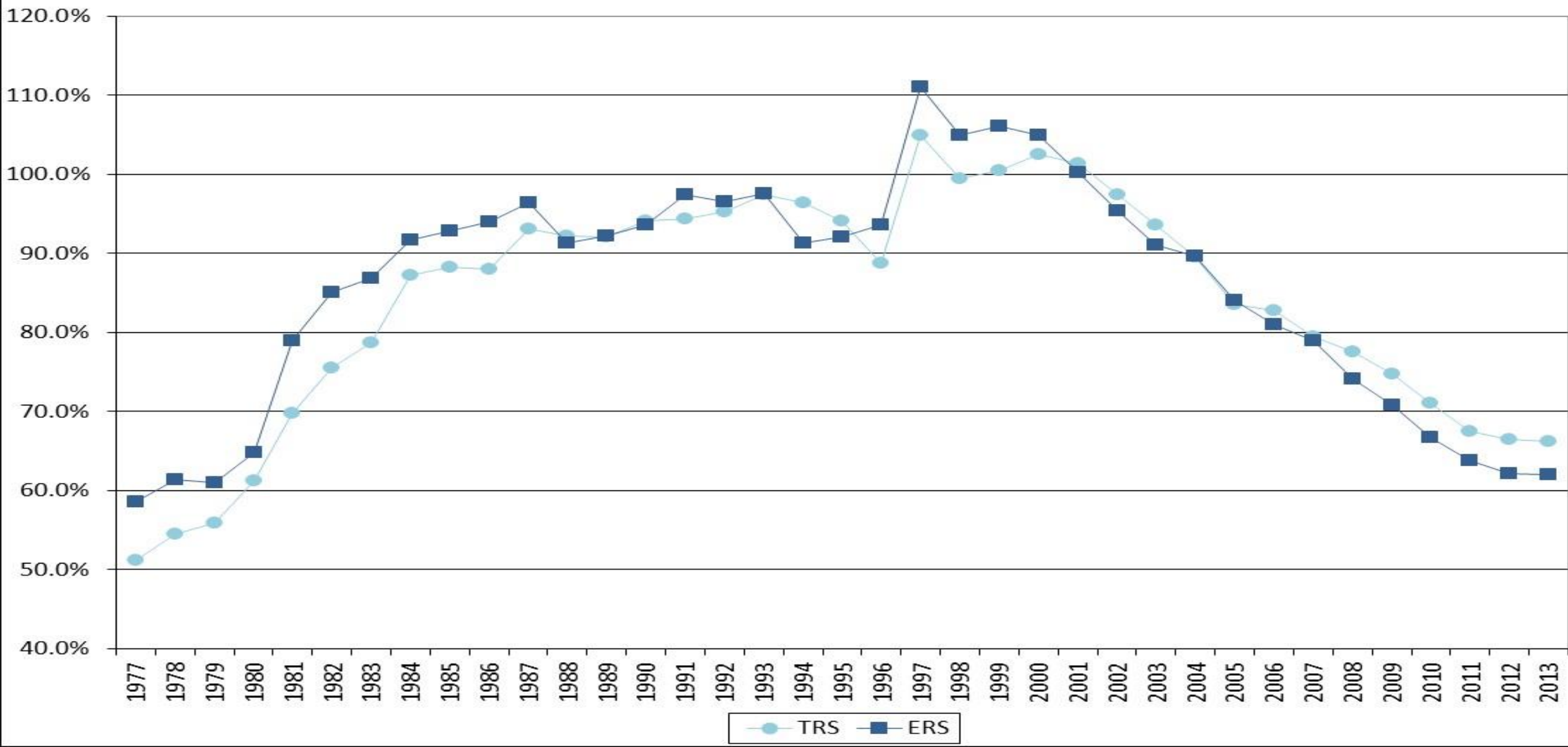
Second Quadrennium

- ▶ Paperless
 - ▶ Payroll
 - ▶ Travel Reimbursements
 - ▶ Time Keeping
 - ▶ Purchasing
- ▶ Software
- ▶ Real Property
- ▶ Mail
- ▶ Phone

Second Quadrennium

- ▶ Paperless
 - ▶ Payroll
 - ▶ Travel Reimbursements
 - ▶ Time Keeping
 - ▶ Purchasing
- ▶ Software
- ▶ Real Property
- ▶ Mail
- ▶ Phone
- ▶ More Energy Savings

Retirement Systems of Alabama Funded Ratios



State General Fund Deficit

▶ One-time revenues in FY 2015	\$264,000,000
▶ Alabama Trust Fund Transfer	\$146,000,000
▶ Additional Business Privilege Tax	40,000,000
▶ Additional Abandoned Property	20,000,000
▶ 21 st Century Authority Transfer	20,000,000
▶ Insurance Guaranty Fund Transfer	12,000,000
▶ AL Health Insurance Plan dissolution	10,000,000
▶ Banking Department Transfer	7,500,000
▶ Transfers from Department of Revenue	4,000,000
▶ Transfer from Recovery Audit	<u>4,500,000</u>
▶ Subtotal	<u>\$264,000,000</u>

State General Fund Deficit

▶ One-time revenues in FY 2015	\$264,000,000	
▶ Alabama Trust Fund repayment	<u>32,500,000</u>	
▶ Subtotal		\$296,500,000

State General Fund Deficit

▶ One-time revenues in FY 2015	\$264,000,000	
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FY 2016 budget needs

▶ Medicaid	\$115,000,000	
▶ Corrections	<u>40,000,000</u>	
▶ Subtotal		\$451,500,000

State General Fund Deficit

▶ One-time revenues in FY 2015	\$264,000,000	
▶ Alabama Trust Fund repayment	<u>32,500,000</u>	
▶ Subtotal		\$296,500,000
FY 2016 budget needs		
▶ Medicaid	\$115,000,000	
▶ Corrections	<u>40,000,000</u>	
▶ Subtotal		\$451,500,000
▶ Funding in Public Road & Bridge Fund	\$63,500,000	

State General Fund Deficit

▶ One-time revenues in FY 2015	\$264,000,000	
▶ Alabama Trust Fund repayment	<u>32,500,000</u>	
▶ Subtotal		\$296,500,000

FY 2016 budget needs

▶ Medicaid	\$115,000,000	
▶ Corrections	<u>40,000,000</u>	
▶ Subtotal		\$451,500,000

▶ Funding in Public Road & Bridge Fund	\$63,500,000	
▶ Funding in Education Trust Fund	<u>187,000,000</u>	

State General Fund Deficit

▶ One-time revenues in FY 2015	\$264,000,000	
▶ Alabama Trust Fund repayment	<u>32,500,000</u>	
▶ Subtotal		\$296,500,000

FY 2016 budget needs

▶ Medicaid	\$115,000,000	
▶ Corrections	<u>40,000,000</u>	
▶ Subtotal		\$451,500,000

▶ Funding in Public Road & Bridge Fund	\$63,500,000	
▶ Funding in Education Trust Fund	<u>187,000,000</u>	

▶ TOTAL

\$702,000,000

Prison Reform Task Force

▶ Probation Officer workforce expansion	\$10,000,000
▶ Community-based programs and treatment to reduce recidivism	8,000,000
▶ Increased Community Corrections population	6,000,000
▶ Victim Notification System	500,000
▶ Oversight and Quality Assurance	<u>1,500,000</u>
▶ TOTAL	<u>\$26,000,000</u>

Governor Bentley's Revenue Solution

The background of the slide features abstract, overlapping geometric shapes in various shades of blue, ranging from light sky blue to deep navy blue. These shapes are primarily located on the right side and bottom of the slide, creating a modern, dynamic feel. The main title is positioned in the top left corner, underlined.

Governor Bentley's Revenue Solution

- ▶ HB 142 – Rep. Hill - Corporate Income Tax
 - ▶ Require combined reporting

Estimated increase in revenue - \$20 million

Governor Bentley's Revenue Solution

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- ▶ Require combined reporting

Estimated increase in revenue - \$20 million

▶ HB 201 Rep. Greer - Financial Institution Excise Tax

- ▶ Remove the credit for sales taxes paid

Estimated increase in revenue - \$1 million

Governor Bentley's Revenue Solution

▶ HB 142 – Rep Hill - Corporate Income Tax

- ▶ Require combined reporting

Estimated increase in revenue - \$20 million

▶ HB 201 – Rep. Greer - Financial Institution Excise Tax

- ▶ Remove the credit for sales taxes paid

Estimated increase in revenue - \$1 million

▶ HB 277 – Rep. Knight - Insurance Premium Tax

- ▶ Remove the credit for state privilege tax paid
- ▶ Remove the credit for ad valorem tax paid
- ▶ Remove the office facilities and real property investment credits

Estimated increase in revenue - \$25 million

Governor Bentley's Revenue Solution

- ▶ HB 276 – Rep. England - Public Utilities License Tax
 - ▶ Remove exemption that applies to municipal utilities
- Estimated increase in revenue - \$47 million

Governor Bentley's Revenue Solution

- ▶ HB 276 – Rep. England - Public Utilities License Tax
 - ▶ Remove exemption that applies to municipal utilitiesEstimated increase in revenue - \$47 million
- ▶ HB 240 – Rep. Johnson - Individual Income Tax
 - ▶ Eliminate income tax withholding exemption certificatesEstimated increase in revenue - \$12 million

Governor Bentley's Revenue Solution

- ▶ HB 276 – Rep. England - Public Utilities License Tax
 - ▶ Remove exemption that applies to municipal utilitiesEstimated increase in revenue - \$47 million
- ▶ HB 240 – Rep. Johnson - Individual Income Tax
 - ▶ Eliminate income tax withholding exemption certificatesEstimated increase in revenue - \$12 million
- ▶ HB268 – Rep. Clouse - Sales Tax for Automobiles
 - ▶ Increase the rate for automobile sales to 4%Estimated increase in revenue - \$200 million

Governor Bentley's Revenue Solution

- ▶ HB 267 – Rep. Clouse - Rental Tax for Automobiles
 - ▶ Increase the automobile rental tax to 4%
- Estimated increase in revenue - \$31 million

Governor Bentley's Revenue Solution

▶ HB 267 – Rep. Clouse - Rental Tax for Automobiles

- ▶ Increase the automobile rental tax to 4%

Estimated increase in revenue - \$31 million

▶ HB 139 – Rep. McMillan - Cigarette and Tobacco Tax

- ▶ Increase the tax to \$1.25 per pack (increase of \$0.825 per pack)
- ▶ Increase tax on other tobacco products proportionately
- ▶ Keep wholesalers' discount the same as current

Estimated increase in revenue - \$205 million

Governor Bentley's Revenue Solution

▶ HB 267 – Rep. Clouse - Rental Tax for Automobiles

- ▶ Increase the automobile rental tax to 4%

Estimated increase in revenue - \$31 million

▶ HB 139 – Rep. McMillan - Cigarette and Tobacco Tax

- ▶ Increase the tax to \$1.25 per pack (increase of \$0.825 per pack)
- ▶ Increase tax on other tobacco products proportionately
- ▶ Keep wholesalers' discount the same as current

Estimated increase in revenue - \$205 million

Estimated total increase in revenue:
\$541 million

Questions?

www.finance.alabama.gov